

Exhibit D

In The Matter Of:

***(C-"FHFA-ALL") FEDERAL HOUSING FINANCE AGENCY,
ETC.***

***DANIEL H. MUDD - Vol. 1
December 4, 2013***

MERRILL CORPORATION
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DEUTSCHE BANK AG, et al., :
 Defendants. :
 - - - - -X

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IN THE UNITED STATES DISTRICT COURT

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DISTRICT OF CONNECTICUT

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- - - - -X

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FEDERAL HOUSING FINANCE AGENCY, :

6

etc., :

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Plaintiffs, : Case No.

8

: 3:11-cv-01383-AWT

9

vs. :

10

THE ROYAL BANK OF SCOTLAND :

11

GROUP PLC, et al., :

12

Defendants. :

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- - - - -X

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Videotaped Deposition of DANIEL H. MUDD

16

Washington, D.C.

17

Wednesday, December 4, 2013

18

9:25 a.m.

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23

Job No. 22-241956

24

Pages: 1 - 284

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Reported by: Dana C. Ryan, RPR, CRR

1 DANIEL H. MUDD

2 Q And then in the second bullet is
3 labeled, Annual Incentive Plan Cash Bonuses.

4 Do you see that?

5 A Yes.

6 Q And about seven or eight lines down
7 from there it says, In light of these
8 circumstances, our board established the following
9 set of performance goals which focused on
10 successfully operating the business while
11 undertaking significant initiatives to address our
12 financial reporting and compliance issues.

13 Do you see that?

14 A Yes.

15 Q And the third bullet under that is
16 labeled, Mission Results. It says, Fulfill our
17 affordable housing mission goals by increasing
18 liquidity to make U.S. housing more affordable and
19 making an impact in highly disadvantaged
20 communities.

21 Do you see that?

22 A Yes, in the context of the rest of the
23 point, I do.

24 Q And is it correct that fulfillment of
25 affordable housing goals was one of the factors

1 DANIEL H. MUDD

2 impacting the determination of your compensation?

3 A Housing and mission goals accomplish
4 something broader than the housing goals.

5 Q And can you explain that?

6 A There were additional areas of endeavor
7 for the corporation that went beyond the HUD
8 housing goals you talked earlier about minority
9 levels there were projects in communities,
10 philanthropic activities and so forth which also
11 would have been encompassed in the third point.

12 Q All of that, you're saying, would have
13 been within -- under -- under the rubric of
14 affordable housing mission goals?

15 A I believe so, yes.

16 Q Okay. Would it be accurate to say that
17 the fulfillment of HUD goals would be at least a
18 part of fulfilling our affordable housing mission
19 goals?

20 A Well, I mean, by way of context,
21 getting the restatement done was the 99 percent
22 job of the corporation at this point, and so there
23 were a number of factors that would have -- would
24 have gone under that following regulation
25 restatement and then going to business results,

1 DANIEL H. MUDD

2 following that going to the broad mission results
3 that I just described, and within that chain you
4 would have consideration of the HUD housing goals.

5 Q But HUD housing goals, at any rate,
6 were a factor in the total determination of your
7 compensation for 2006; correct?

8 A I believe so.

9 Q And was that also true in 2007?

10 A I don't -- I don't remember.

11 (Deposition Exhibit 35035 was marked
12 for identification and attached to the
13 transcript.)

14 BY MR. STARK::

15 Q I'm going to hand you what we've marked
16 as Exhibit 35035, which I think you'll recognize
17 as the Fannie Mae proxy statement to its
18 shareholders dated April 4, 2008.

19 A Yes.

20 Q And if you could turn, please, to
21 page 38, and here is a table like the one we saw
22 before headed, Compensation Paid or Granted for
23 2007. There's a line with your name and under the
24 column heading, Total of 2007 Base Salary, Bonus
25 and Long-term Incentive Stock Award, it lists the

1 DANIEL H. MUDD

2 figure of \$12,217,500.

3 Do you see that?

4 A Yes.

5 Q And is that an accurate statement of
6 the total compensation you were paid or granted to
7 you in 2007?

8 A Paid or granted, yes.

9 Q And then at the bottom of the page,
10 there's an italicized heading that says, Analysis
11 of Determination of Cash Bonuses and Long-term
12 Incentive Stock Awards for 2007.

13 Do you see that?

14 A Yes.

15 Q And if you carry over to the next page,
16 page 39, second bullet down lists, Mission Goals.

17 Do you see that?

18 A Yes.

19 Q Does this refresh your recollection
20 that mission goals were a factor in the
21 determination of your compensation for 2007?

22 A Yes, it does.

23 Q And does it also refresh your
24 recollection that fulfillment of HUD goals was at
25 least a factor in the determination of your

1 DANIEL H. MUDD

2 compensation for 2007?

3 A Yeah, the same answer as before. It
4 would appear through the prioritization of the
5 performance goals and then the mission goals
6 broadly and then coming to regulatory and what
7 they are describing here as self-imposed minority
8 goals.

9 Q Just to be clear, achievement of HUD
10 goals was at least a factor in determination of
11 your compensation for 2007; right?

12 A Yes.

13 MR. STARK: Could we take a break here
14 if we could?

15 THE VIDEOGRAPHER: We are going off the
16 record. The time is 3:22 p.m.

17 (Recess -- 3:22 p.m.)

18 (After recess -- 3:36 p.m.)

19 THE VIDEOGRAPHER: We are back on the
20 record. The time is 3:36 p.m.

21 MR. STARK: Can I ask you guys to dig
22 out 35002? It would have been the third one of
23 the day, so probably way down in the bottom of
24 that stack. This is the strategic plan.

25 MR. WAREHAM: If you'd give me a moment

1 DANIEL H. MUDD

2 to get mine, I'd appreciate it.

3 MR. STARK: Okay.

4 MR. WAREHAM: Thanks.

5 BY MR. STARK::

6 Q Mr. Mudd, I'd ask you to turn to
7 page 53 in the strategic plan, please, which has
8 Bates number FMSE720752.

9 Got it?

10 A Yes.

11 Q And here near the top of the page is a
12 heading that says, HUD Goals Get Tougher.

13 Do you see that?

14 A Yes.

15 Q And in the first paragraph there
16 towards the bottom of the paragraph, it says, We
17 had to absorb significant costs to meet the HUD
18 purchase money subgoals in 2006, and we're
19 struggling to meet the goals and subgoals in 2007.
20 We will continue to pursue every reasonable
21 opportunity to expand our purchases for eligible
22 mortgages.

23 Do you see that?

24 A Yes.

25 Q Do you know in what way did Fannie Mae

1 DANIEL H. MUDD

2 have to absorb significant costs to meet the HUD
3 purchase money subgoals in 2006?

4 A It would be costs both in terms of
5 physical costs or people, analytics data, staff,
6 as well as there were periods of time where
7 packages of ones which might not necessarily have
8 been affordable go to the HUD goals could have
9 been CRA eligible for banks or something of that
10 nature, but they -- they were -- they were -- they
11 had a strong bid, and so you could have given up
12 some return --

13 THE COURT REPORTER: I'm sorry, "you
14 could have" what?

15 THE WITNESS: -- "given up some return"
16 in purchasing those -- those loans or packages.

17 BY MR. STARK::

18 Q Okay.

19 (Deposition Exhibit 35036 was marked
20 for identification and attached to the
21 transcript.)

22 BY MR. STARK::

23 Q Mr. Mudd, I'm going to hand you what
24 we've marked as Exhibit 35036. I ask if you
25 recognize that document?